

CHARTER TOWNSHIP OF CLAYTON

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ROGER L. MEIER, Trustee
GREGORY CHILDERS, Trustee

May 25, 2006

Dear Representatives,

My name is Beth Perkins and I am the Treasurer for Clayton Charter Township in Genesee County. As a local unit of government that will be affected by SB#1101, which mandates local collection of the summer taxes, I appreciate the opportunity to speak to you this morning about my township's concerns and objections to the passage of this bill.

I have also spoken with each of the affected municipalities in Sanilac County within the past week. They, unfortunately, were unable to attend today's meeting, but expressed their desire to communicate their shared concerns and wish to have their objections noted for the record as does Clayton Township.

After having read the proposed bill and both of the summaries associated with it, I would like to bring to your attention the fact that while both summary reports presented to the Senate contain many facts about the history of Summer Tax Collection, both reports completely neglect to mention the negative impacts on the local units of government. Our small, rural communities would be severely impacted by passage of this legislation – especially as presented.

Our concerns and objections stem mostly from budget and time constraint issues. For example:

- None of the affected municipalities were anticipating being forced to collect summer taxes and therefore have absolutely NO budget in place to collect the tax.
- Most of the affected municipalities do not have full time Treasurers or staff to handle the collection of a summer tax – especially with such short notice and no budget in place to pay additional staff.

- None of the affected units has collected a summer tax before and is not currently prepared to offer their residents the quality of service they are entitled an accustomed to. For the Sanilac County units, they are in the process of switching over to a new computer system and not even been trained on the system yet. They were not anticipating on having to be trained until the winter tax season.
- At least one of the treasurers works full time outside of their elected office and cannot be available for an unanticipated, unannounced last minute tax collection.
- Due to the sheer volume of tax bills and associated expense of purchasing and maintaining the commercial printers necessary to generate thousands of tax bills, most local units rely on the counties print our tax bills. The deadline for local units to have tax rolls entered and balanced on the county's computer system, including millage rates and messages screens is June 1. If SB#1101 is passed as presented, at best, local units will have *two or three business days* to implement the creation and balancing of the tax rolls.
- If we are unable to meet county deadlines, we would be responsible for printing the bills on our own. Again, our units do not have the necessary printers nor do we have budgets in place to accommodate purchasing printers capable of commercial production levels. Nor does it leave adequate time to find and negotiate an outside source to print our bills for us (again, if there were money available to pay for it).

Another significant issue is the ability of the local unit to impose a Property Tax Administration Fee (PTAF) and the ability of the local unit to compensate its Treasurer for the additional tax collection.

- In order for local units to impose and collect a PTAF, it must first pass a resolution to do so. This resolution must be communicated to the county and entered into the system when the roll is created so that it appears on the tax bill. Again local units will have *two or three business days* to meet and pass a resolution in order to meet the June 1 deadline.
- Current state statute strictly prohibits compensating elected officials for services and/or work performed retroactively. In other words, a salary resolution must be approved prior to any work beginning - otherwise a treasurer cannot be compensated for the additional 2 and a half month's minimum work involved with a summer tax collection.

In summary, due to the significant time and budget constraints unfairly placed on the local units who opted out of the summer tax collection, Clayton Township strongly objects to the passage of the of SB#1101 as presented.

We would also respectfully ask that in light of the fact that the local units derive no direct benefit as no tax dollars are generated for the local units from the early collection of state education and county taxes, consideration be given to the two following alternatives:

1. Collection of the summer tax reverted to the county level as they already
 - a) have the necessary equipment
 - b) have full time tax collection departments capable of handling the collection and
 - c) derive a direct benefit from the early (summer) collection as their operating millage is collectedEffective beginning with the summer 2007 in order that adequate time is allowed to plan, prepare and budget for such collection.
2. Collection of summer taxes at the local level beginning with the Summer 2007 collection in order that adequate time is allowed to plan, prepare and budget for such collection.

Thank you for your time and consideration.

Beth Perkins
Treasurer